

ENTREPRENEURSHIP II

020

03/11/ 2014

2PM – 5PM

REB

Rwanda Education Board

ADVANCED LEVEL NATIONAL EXAMINATIONS, 2014

SUBJECT : ENTREPRENEURSHIP II

COMBINATIONS : -ALL SCIENCE COMBINATIONS

-ALL HUMANITIES

-ALL LANGUAGES COMBINATIONS

DURATION : 3 HOURS

INSTRUCTIONS:

1. Write your names and index number on the answer booklet as written on your registration form, and **DO NOT** write your names and index number on additional answer sheets of paper if provided.
2. Do not open this question paper until you are told to do so.
3. This paper consists of **TWO** sections **A** and **B**.

Section A: This section is compulsory.

(55 marks)

Section B: Answer **any THREE** questions.

(45 marks)

4. Show clearly all the working.

SECTION A. ANSWER ALL QUESTIONS. (55 marks)

1. a. Give any three reasons why entrepreneurship should be studied. **(3 marks)**
b. Identify and explain any two types of contracts. **(4 marks)**
2. a. Explain two main types of technology used in production. **(4 marks)**
b. Explain two cases of negative business practices and their possible consequences. **(4 marks)**
3. Explain any two aspects of a firm's activities that are covered by the environmental policy in Rwanda. **(4 marks)**
4. A furniture shop buys sofas for 250,000Rwf and sells them for 350,000Rwf. If in one week it sells ten sofas, calculate:
 - a. the gross profit mark-up per sofa. **(2 marks)**
 - b. The gross profit margin. **(4 marks)**
5. Briefly explain any two possible reactions of shareholders to a company's failure to realize profit. **(4 marks)**
6. Identify any five factors an enterprise will have to consider in trying to set up a production facility in Rwanda. **(5 marks)**
7. Examine one advantage and one disadvantage for a company such as Rwandair of adopting a strategy of cost minimization. **(4 marks)**
8. Suggest any five advantages for a company to operate in more than one country. **(5 marks)**
9. a. Using examples, differentiate between invention and innovation. **(4 marks)**
b. Explain any two types of innovations. **(4 marks)**
10. Outline any two internal factors and any two external factors that may affect the effectiveness of marketing the products of a company. **(4 marks)**

SECTION B. Choose any three questions. (45 marks)

11. a. Discuss the responsibilities of a business towards its consumers. **(5 marks)**
b. Identify any five problems faced by small scale industries in Rwanda and suggest remedial measures to overcome such problems. **(10 marks)**
12. Explain the role of ICT in a business enterprise. **(15 marks)**

13. Explain the process of recruiting employees in a business. **(15 marks)**

14. On 30 June 2014, Akimana completed her first year in business as a landscape gardener with a profit of 1,497,000 RWF. She had the following balances in her books of account :

Fixed assets	6,803,500
Current assets	875,700
Current liabilities	646,200

a. Calculate Akimana's capital and make a balance sheet for her business as at 30 June 2014. **(6 marks)**

b. Calculate the working capital. *curr. As - curr. Liab.* **(4 marks)**

c. Calculate the current ratio and state whether it is favourable or unfavourable. *→ $\frac{\text{curr. asset}}{\text{curr. liab}} \times 100$* **(5 marks)**

15. Isonga Food Industries started business on 1 July 2014 with 50,000,000RWF and a loan of 70,000,000 RWF from Bank of Kigali Limited. All the money was kept in the bank. Interest on the loan per year is 16% on a reducing balance basis, over a period of 5 years. The following are the projected estimates (in RWF) for the first 2 years :

	Year 1	Year 2
Income from sales	327,600,000	327,600,000
Fixed costs	36,832,400	36,782,400
Variable costs	256,301,100	257,607,900

You are required to make a cash flow statement for Isonga Food Industries in the first two years of operation showing clearly the balance brought forward at the beginning of the second year and the balance carried forward to the third year.

(15 marks)